

CITY OF ALAMEDA

Memorandum

To: Honorable Mayor and
Members of the City Council

From: John A. Russo
City Manager



Date: July 19, 2011

Re: Adopt a Resolution Authorizing the Open Market Lease from Yamaha Corporation Pursuant to Section 3-15 of the Alameda City Charter for 120 Golf Carts in an Amount not to Exceed \$360,000

BACKGROUND

The E-Z-Go Textron Financial Corporation currently provides a fleet of 120 electric rental golf carts for use at the Chuck Corica Golf Complex under the terms of a lease signed in 2007. That lease is set to expire on July 30, 2011. Given the significant wear and tear on the carts, the fleet needs to be replaced.

DISCUSSION

Staff has researched and obtained quotes from three vendors who provide cart rentals throughout the East Bay. Each of the companies requires a four-year term. The results of this research are outlined below:

<u>Company</u>	<u>Price Per Cart /Monthly</u>	<u>Cost/Month</u>	<u>Annual Cost</u>	<u>Total Cost/ Four Year</u>
Yamaha	\$62.50	\$7,500	\$ 90,000	\$360,000
Club Car	\$79.50	\$9,540	\$114,480	\$457,920
E-Z-Go	\$73.99	\$8,878	\$106,545	\$425,816

In order to complete a comprehensive evaluation of the quotes, the conditions of the existing lease must be considered. The current agreement calls for an additional balloon payment of \$800 per cart, or \$96,000 total, in the event that the lease is not renewed.

Upon review of the quotes received, Yamaha was the lowest at \$62.50 per cart, resulting in a total expenditure over the four-year term of \$360,000. The quote from Yamaha does not include any balloon payment at the conclusion of the term. In order to eliminate the requirement for the City to make the balloon payment, both City staff

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and the General Manager of the Golf Complex were able to negotiate with Yamaha to make the \$96,000 payment directly to E-Z-Go Textron Financial, thus relieving the City of this obligation. Staff has also done extensive research and has determined that the Yamaha product is comparable to the other options and is a reliable and durable product.

The balloon payment required under the current agreement is due August 15, 2011. Given the uncertainty of the Golf Complex situation and the short timeline dictated by the current lease, staff is requesting City Council approval of resolution authorizing the open market lease from Yamaha Corporation pursuant to Section 3-15 of the Alameda City Charter.

FINANCIAL IMPACT

The funds to cover the costs of the cart rental lease are budgeted in the Golf Enterprise Fund (Fund 601). The balloon payment of \$96,000 will be made directly from Yamaha Corporation to E-Z-Go Textron Financial; there is no additional financial impact to the Golf Enterprise Fund from the balloon payment.

RECOMMENDATION

Adopt a resolution authorizing the open market lease from Yamaha Corporation pursuant to section 3-15 of the Alameda City Charter for 120 golf carts in an amount not to exceed \$360,000.

Respectfully submitted,



Dale Lillard, Director
Alameda Recreation, Parks & Golf Operations

Approved as to funds and account,



Fred Marsh
Controller

CITY OF ALAMEDA RESOLUTION NO. _____

AUTHORIZING OPEN MARKET CONTRACT BETWEEN THE CITY OF ALAMEDA AND YAMAHA CORPORATION PURSUANT TO SECTION 3-15 OF THE ALAMEDA CITY CHARTER TO LEASE 120 GOLF CARTS IN AN AMOUNT NOT TO EXCEED \$360,000
(REQUIRES FOUR AFFIRMATIVE VOTES)

WHEREAS, the Chuck Corica Golf Complex's existing fleet of golf carts has experienced significant wear and tear and is nearing the end of their life expectancy in 2011; and

WHEREAS, the lease with the current provider E-Z-Go Textron Financial Corporation is set to expire on July 30, 2011, and a new agreement is needed on an urgent basis to ensure continued availability of golf carts to Golf Complex patrons; and

WHEREAS, given the short time frame available to procure new golf carts, the uncertainty surrounding the long term operation of the Chuck Corica Golf Complex, and a balloon payment under the existing lease that becomes due on August 15, 2011, an open market contract is necessary in lieu of formal bidding; and

WHEREAS, an open market contract would provide a reliable, comfortable and dependable golf cart fleet which is essential to the overall golf quality experience; and

WHEREAS, the golf cart fleet is a crucial factor in the operation of the Chuck Corica Golf Complex and is a significant source of revenue; and

WHEREAS, Section 3-15 of the City Charter provides that the City Council, by four affirmative votes, can authorize an open market contract if it determines that great necessity or emergency requires immediate action be taken; and

WHEREAS, there are sufficient funds available in the FY 2011-2012 budget to enter into such an agreement and the funding for future payments will be included in the annual operations budget of the Chuck Corica Golf Complex.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Alameda, pursuant to Section 3-15 of the City Charter, that the City is hereby authorized to enter into a lease for 120 golf carts from Yamaha Corporation in an amount not to exceed \$360,000.

* * * * *

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Council of the City of Alameda in a regular meeting assembled on the 19th day of July, 2011, by the following vote to wit:

AYES

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the seal of said City this 20th day of July, 2011.

Lara Weisiger, City Clerk
City of Alameda